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# Neighbourhood dynamics and socio-spatial change in Budapest

ZSUZSA FÖLDI, ZOLTÁN KOVÁCS

## Abstract

*In this paper the socio-spatial differentiation that has taken place in the metropolitan region of Budapest since the change of regime is analysed. It is intended to show how local underlying structures and new regulatory contexts (e.g. free market, local urban policies) as well as legacies of the past work together in setting a diverse path of development within the city. In line with the objective in the analytical part of the paper the overall pattern of socio-spatial change in the metropolitan region is analysed with the aid of census data. This is followed by the interpretation of empirical research data gathered in different neighbourhoods of the city as part of an international research project. It is demonstrated that with the post-socialist transition the locational preferences of relevant stakeholders (both residents and investors) changed significantly which caused a sharp turn in the trajectory of the individual urban zones. This included the rediscovery of the city-centre, a slow but steady upgrading and gentrification of the historical residential quarters, the gradual social erosion in the housing estates, decline and later re-investment in the industrial brown field zone, and a boom, and later stagnation in the suburban areas. However, due to local policies and global effects (e.g. global financial crisis) individual development tracks of neighbourhoods are gaining importance in Budapest, making the pattern of investment-disinvestment more mosaic like within the same urban zone. As a consequence it is almost impossible to assess one urban zone as a homogeneous area, and set in a universal model. Dynamics more and more depend on local efforts and mechanisms. The study demonstrates that local forces are increasingly powerful in urban development and the overall future of the cities seems to depend on the total sum of efforts, investments and quality of change in its neighbourhoods.*

post-socialist transformation, residential segregation, regeneration, gentrification, glocalisation, Budapest

## Zusammenfassung

### Die Dynamik von Stadtteilen und sozialräumliche Veränderungen in Budapest

*In der vorliegenden Arbeit wird die sozialräumliche Differenzierung in der Metropolregion Budapest seit dem Regimewechsel analysiert. Es soll gezeigt werden, wie bestehende lokale Strukturen und neue rechtliche Rahmenbedingungen (z. B. ein freier Markt, die kommunale Städtepolitik) sowie das Erbe der Vergangenheit beim Abstecken der vielseitigen Entwicklungsmöglichkeiten innerhalb der Stadt zusammenspielen. In Einklang mit diesem Ziel wird im analytischen Teil der vorliegenden Arbeit unter Zuhilfenahme von Zensusdaten das Gesamtmuster des sozialräumlichen Wandels in der Metropolregion analysiert. Im Anschluss daran werden empirische Daten ausgewertet, welche im Rahmen eines internationalen Forschungsprojekts in verschiedenen Stadtvierteln gesammelt wurden. Es wird gezeigt, dass sich durch die postsozialistische Transformation die standortbezogenen Präferenzen der relevanten Akteure (sowohl Anwohner als auch Investoren) deutlich gewandelt haben, was eine abrupte Wende in der Entwicklung jedes einzelnen urbanen Gebiets zur Folge hatte. Dazu gehörten die Wiederentdeckung des Stadtzentrums, eine langsame, aber stetige Aufwertung und Gentrifizierung der historischen Wohnviertel, die allmähliche soziale Erosion der Wohnsiedlungen, der Rückgang und das spätere Wiederaufleben der Investitionen in brachliegende Gewerbegebiete sowie ein Boom und die spätere Stagnation in den Vorstadtgebieten. Aufgrund der lokalen Politik und globaler Effekte (z. B. die globale Finanzkrise) gewinnen individuelle Entwicklungsstrategien der Stadtteile von Budapest jedoch mehr und mehr an Bedeutung, wodurch das Muster von Investitionen und Investitionsabbau innerhalb desselben urbanen Bereichs mosaikartiger wird. Als Folge dessen ist es so gut wie unmöglich, einen urbanen Bereich als homogenes Gebiet zu bewerten und auf ein universales Modell anzuwenden. Eine Dynamik hängt immer stärker von den Anstrengungen und Mechanismen vor Ort ab. Die Untersuchung zeigt, dass lokale Kräfte bei der urbanen Entwicklung immer mehr an Bedeutung gewinnen und die Zukunft der Städte von der Gesamtsumme dieser Anstrengungen, Investitionen und der Qualität des Wandels in den Stadtteilen abzuhängen scheint.*

Postsozialistische Transformation, Wohnsegregation, Regenerierung, Gentrifizierung, Glokalisierung, Budapest

## Introduction

Until very recently the focus of research on the transformation of East Central European (ECE) cities had a rather macro-scale perspective. The discussion concentrated mostly on explaining the ways how post-socialist cities were repositioning themselves in the global urban network as well as on how their internal social and functional restructuring followed the global patterns of urbanisation (ANDRUSZ, HARLOE and SZELÉNYI 1996; ENYEDI 1990, 1998; SZELÉNYI 1996; WECLAWOWICZ 1998). By now – while still keeping these questions on the agenda – the attention of researchers has definitely shifted to analysing how in-depth local processes, institutional frameworks, underlying governance and economic structures operate and create the particular local pattern in the ECE cities on smaller scales (BORÉN and GENTILE 2007; KOVÁCS and WIESSNER 2004; KRIŠJĀNE and BĒRZIŅŠ 2012; LEETMA et al 2009; RUOPILA and KÄHRIK 2003; STANDL and KRUPICKAITE 2004; TOSICS 2003; WECLAWOWICZ 2005). This is in line with the notion of *glocalisation*, which stresses the importance of local forces in the process of globalisation, giving way to the local twists in urban transformation of cities led by global patterns (VAN KEMPEN 2007), with the mechanism of preferences via which global flows turn up and act on specific locations (FÖLDI and VAN WEESEP 2007) and also with the increasing urban policy focus on the *place-based solutions* to general urban problems (FÖLDI 2010).

Transformation of the cities in East Central Europe has been proceeding for twenty years and is happening according to the globally identical capitalist rules of the game (SMITH and TIMÁR 2010). By and large, it follows the global pattern of transformation but well on the basis of the post-socialist legacy (SÝKORA 2009). Dismantling state-socialist institutions, re-establishing the conditions of market economy, re-arranging the property ownership structure, and treating the consequences of the emerging social disparities were all part and parcel of transfor-

mation in the ECE urban areas resulting highly differentiated socio-spatial processes (BRADE et al. 2009; GENTILE et al. 2013). Even the macro-scale spatial manifestation of socio-economic change (functional transformation) was identical upgrading and downgrading certain zones and pockets of the 'new capitalist cities' (GENTILE et al. 2013). After twenty years of market economy, however, all countries have elaborated – intentionally or unintentionally – their own policies of handling urban issues. This has generated further differences regarding the socio-spatial pattern of cities and other aspects of urban life.

Budapest and its metropolitan area is a showcase for rapid socio-economic differentiation and restructuring, as even within the same functional urban unit there are sharp differences between the neighbourhoods (i.e. districts) due to e.g. local housing policies, activities of NGOs, or the efficiency of the local politicians. The assets combined with the background of the place-based solutions often resulted in different trajectories of development within the same functional zones.

The main *objective* of this paper is to analyse the socio-spatial differentiation in the metropolitan area of Budapest and to define the main features of urban transformation. It is also aimed at showing how local underlying structures and new contextual elements (e.g. free market, new urban policies) as well as legacies of the past work together in setting a diverse path of development within the city. In line with the objective of the paper first we briefly describe the general conditions of post-socialist urban transformation in Budapest. In the second section the socio-spatial change that has taken place in the metropolitan region of the city after 1990 is going to be analysed with the aid of census data. In the third section of the paper the focus of investigation turns towards selected neighbourhoods where empirical research was carried out in the framework of a DFG pro-

ject in 2007-2009<sup>1</sup>. Finally, on the basis of statistical and empirical analysis the main results of urban transformation are discussed.

## Driving forces of urban transformation

The change of *political system* caused a fundamental shift in the local government system of Budapest. In terms of public administration it is important to emphasise that unlike in many European cities in Budapest there are elected local governments both on the district and city levels (called the Budapest City Government). The settlements around Budapest also have their own local governments and there is not any kind of metropolitan government or authority at all. The districts as administrative units have high autonomy in drawing the regulation plans, making development strategies, elaborating marketing plan for attracting investors etc. The major contradictions of this two-tier administrative system in Budapest are caused mainly by the overlapping spheres of responsibility and the conflicting political interests among the districts on the one hand, and between districts and City Government on the other. In some respects Budapest remained centralised (strategic development of the infrastructure, public transportation etc.) while in other fields such as the distribution of resources or provision of public services (e.g. health, housing) the city implemented a highly decentralised model. The fragmentation of public administration also meant that no coherent city-wide policies (e.g. housing, social affairs) could be developed after 1990. After the change of regime housing became the responsibility of the district governments. They have applied nearly as many types of policies as their number (23). Even local administrations in the same functional zone (e.g. inner city residential zone) are entitled to carry out different

<sup>1</sup> Special thanks are due to Isolde Brade and Günter Herfert (Institut für Länderkunde) who initiated and coordinated the DFG project entitled „Between Gentrification and a Downward Spiral: Socio-spatial change and persistence in residential neighbourhoods of selected CEE urban regions”.

strategies in various fields, which up to now have had immense impact on e.g. the renewal potentials of particular neighbourhoods.

The impact of the *economic* breakdown following the change of political system was overwhelming but was still the least dramatic in Budapest compared to the rest of the country. Resolving the crisis went along with the appearance of new actors and the introduction of brand-new mechanisms into the economy. Large state companies were privatised and/or disintegrated. The structure of economy fundamentally changed in the 1990s. The role of manufacturing rapidly shrunk and the share of service sector within employment reached 80.6 percent by 2005 (micro-census data). Financial, commercial, real estate and tourism services grew rapidly in the first decade of transformation, while after 2000 the growth of knowledge intensive sector became massive. After 1990 foreign investments became the clue to recovery and reconstruction of economy. Budapest became a major target of FDI due to its favourable geopolitical position and good accessibility. Between 1990 and 2000 67.6 percent of the FDI arriving in Hungary was concentrated in Budapest, even since 2000 the distribution of FDI within the country is not significantly different<sup>2</sup>. In 2007 33.4 percent of the investments by companies with foreign interest were realised in the Central Hungary Region with more than two-thirds share of Budapest.

The structural change of the economy was coupled with the spatial reorganisation of economic activities in the city and its agglomeration. In Budapest the traditional almost continuous industrial zone considerably shrank and segmented (KISS 2002). Some of the old industrial areas successfully changed function; yet, most of the old industrial plants remained under-utilised in the 1990s leaving abandoned, polluted and unattractive brownfield areas behind. Other branches of the economy such as the service sector

kept its strongholds in the CBD and started to expand towards the adjacent residential areas. Large companies also started to establish their office headquarters and commercial centres on the very edge of the city (BURDACK, DÖVÉNYI and KOVÁCS 2004).

The structure of financing in urban transformation utterly changed in the past decade. In the 1990s and even later local governments – having no financial capacity for their own projects – relied mainly on both foreign and Hungarian direct investments with loose planning control over them. After 2008 direct investments shrunk, meanwhile EU especially ERDF funded projects started to grow in number and also regarding the share of total investment in Budapest. Impressive examples of whole renewed neighbourhoods and areas being under reconstruction all with integrated new community functions could be listed. The focus is on the CBD in the 5<sup>th</sup> district and other urban sub-centres (e.g. in the 12<sup>th</sup> district), places of historic significance such as the Várbazár in the 1<sup>st</sup> district are also under reconstruction using ERDF funding. EU financed urban renewal also embraces socially disadvantaged areas such as the renowned Magdolna Quarter in the 8<sup>th</sup> district. The management approach of the Metropolitan Municipality and local district governments (as a local factor) have gained real importance in EU fund raising. Well established and strategically embedded projects with efficient lobbying power have been successful. In the poor investment mood of the period since 2008 EU funding has fairly upgraded in urban development, which in prospering investment context would have remained hardly notable. It is also important to note that the EU ERDF funding focused mainly on community functions and public space development, while residential function was only covered by the projects on social integration and renovation of panel buildings.

The transformation of economy was coupled by certain *demographic processes* and intensified *socio-spatial mobility* within the society. The overall demo-

graphic situation of the city and its metropolitan area has dramatically changed in the past thirty years. The population of Budapest has been decreasing since 1980, but the pace of population decrease became more intense after 1990. In the background there were two factors: the natural decrease and the accelerated outflow of people to the suburbs. Budapest lost approximately 15 percent of its inhabitants after 1990 and the number of population decreased from 2.02 million in 1980 to 1.696 in 2007 when shrinking stopped and reversed into slow growth (SMITH and TÍMÁR 2010). According to the Central Statistical Office in 2012 the population of Budapest was 1,740,014, which means a notable growth of nearly 50 000 in the past five years. Simultaneously, the agglomeration of Budapest received 220,000 new residents between 1990 and 2010, many of them arriving from Budapest. In addition to the demographic downturn, the population of Budapest showed clear signs of ageing. The proportion of people aged 60 and over grew from 21.6 percent in 1990 to 25.4 percent by 2011.

Besides the negative demographic processes the economic transformation generated a substantial polarisation within the society with growing income disparities between the lowest and the highest segments. Due to increasing social differentiation new forms of residential segregation emerged. The differentiation of residential preferences and the consequent migration trends affected the functional zones of Budapest differently. On the one hand, the socially disadvantaged people became segregated in certain inner city (but not the CBD) residential areas, where dilapidation prevailed in the post-1990 period. These neighbourhoods are generally associated with poor housing quality, and high concentration of the Roma population (LADÁNYI 1993). On the other hand, the better off segment of the society concentrated increasingly in the traditional up-market areas of the Buda hills and in newly developed housing areas including gated communities (HEGEDŰS 2009). Marked segregation

2 Accessed 01.09.2013 at [http://www.ksh.hu/docs/eng/xstadat/xstadat\\_annual/i\\_qpk006.html](http://www.ksh.hu/docs/eng/xstadat/xstadat_annual/i_qpk006.html)



patterns could already be seen in Budapest in the 1980s but they took extreme forms under the post-socialist neo-liberal conditions of the 1990s (LADÁNYI 2002).

All the general administrative, economic and demographic processes outlined above had spatial relevance and strong spatial manifestations on the city and further down on its neighbourhoods. It is also important to note that factors on the national and global scale have also substantially affected both the structural change and the internal socio-spatial differentiation of Budapest. Figure 1 shows how global, national and local factors interact and how they influence the transformation of neighbourhoods and the spatial structure of the neo-liberal city (BARTA 2010). The model depicts the city as an open system, where the overall urban and neighbourhood development is influenced directly and indirectly by national and local mechanisms, and by the impacts of global flows.

As it was discussed earlier the national context has substantially changed since 1990, which has happened under the impact of global and macro-regional (main-

ly EU) liberalised economic and institutional pressure of various forces. The global flows of capital have opened up new possibilities but also made the local economy and society a lot more vulnerable, as the financial crisis of 2008 spelled out clearly. As shown in the model the flow of global capital has been crucial in the transformation of our cities. For instance in Budapest 20 percent of the overall investments in the last two decades went into property development projects (office, residential, retail, hotel etc.) (FÖLDI 2010). Capital flow is able to orient the direction and magnitude of the flow of people and other institutions within cities. Here the second spatial aspect – the intra-urban preferences of capital – is more crucial since it fundamentally affects the development tracks of neighbourhoods in general and certain localities in particular. This also contributes to the general success or failure (up- and downgrading) of particular urban areas as shown in the last chapter of the study.

In urban development strategic planning (also strategic thinking and management) should be a main guideline shap-

ing the spatial transformation of the city harmonising interests, controlling the unintended consequences of spontaneous actions of investors and directing attention and resources to areas and problems where investments and interventions are more desirable and serve public interests as well. Even though Budapest has had an urban development concept (2001) and a development program (the so-called Podmaniczky Programme (2005)) hardly any impact of planning is detectable up to now in lack of proper urban development management in Metropolitan level administration. On the level of Budapest the problem of inefficiency in partnership and harmonising partners' interests – which could be locally cured – extrapolates the negative outcomes of urban transformation guided by global forces. This leads back to the local mechanisms, which are far too segmented, many times counter interested and in lack of financial means.

### Socio-spatial differentiation of functional urban zones in the metropolitan area of Budapest

As outlined above the new mechanisms (local, national) that evolved through the transformation along with the newly appearing global ones were so influential that they were able to generate far-reaching changes in the urban structure within a relatively short period of time. To analyse the dimensions of socio-spatial change within the city region we divided the metropolitan area of Budapest into seven major zones following the traditions of the classical human ecology (Fig. 2).

Basis of division was the system of urban planning units which are functionally and morphologically more or less homogeneous areas below the level of districts (23) but above the census tracks. On the eve of the 2001 census there were 522 such units in Budapest. (The study is based on the 2001 census because data of the most recent 2011 census are not available yet). As it is demonstrated by Figure 2 the functional urban zones follow a concentric pattern which is the out-

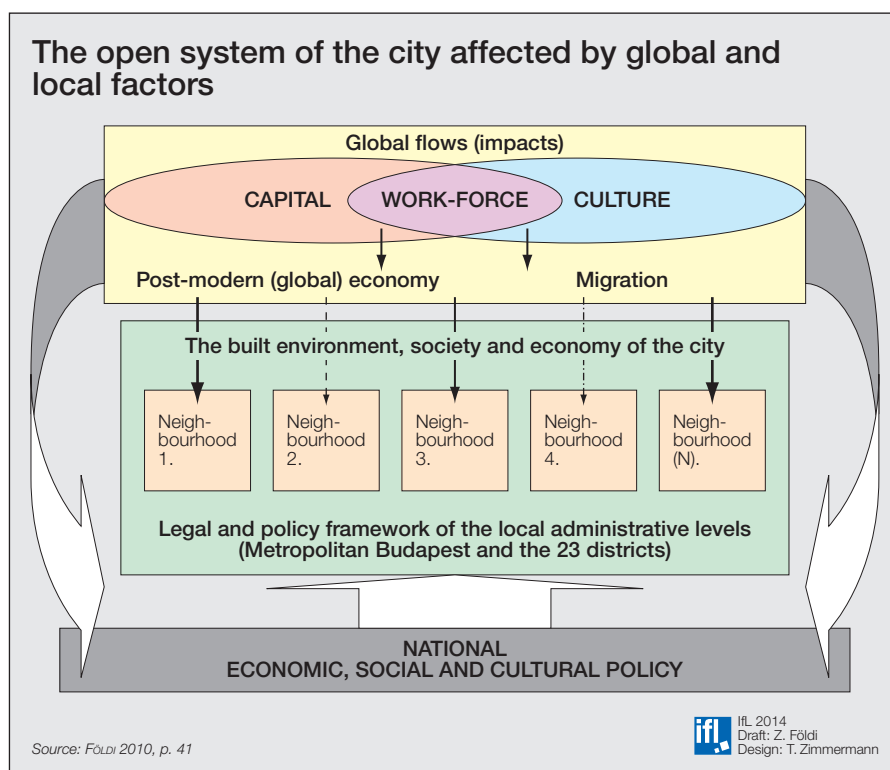


Fig. 1: The open system of the city affected by global and local factors

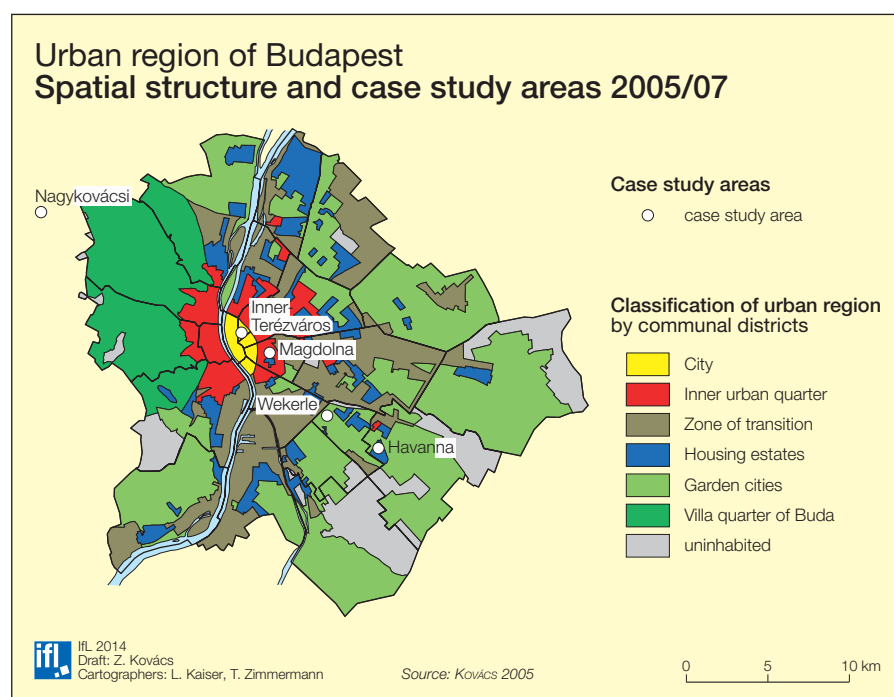


Fig. 2: Spatial structure and case study areas 2005/07

come of the organic growth of the city in the last 140 years, and the strict planning rules controlling the physical expansion of the city from the centre of the town outwards (ENYEDI and SZIRMAI 1992). The traditional zones had their own development tracks in the course of their evolution. With the expansion of the city newer and newer zones were attached to the city and were involved in the regulation framework. Each zone can be characterised with distinct socio-economic, functional and architectural features (neighbourhood types). In addition to the six functional zones inside the city limits we took into consideration the zone of agglomeration as the seventh zone. The zone of agglomeration encompasses the suburban settlements around Budapest which lie in its daily commuting zone and maintain strong ties with the city. According to the first legal document that specified the official boundaries of Budapest's agglomeration zone (the National Settlement Development Concept approved in 1971), it included 44 independent settlements. In 1997, in recognition of the intensification and expansion of the functional connections between Budapest and its suburban settlements, the boundary of the agglomeration was extended

and today it encloses 80 settlements, some of which are incorporated towns with robust central functions while others are simply dormitory villages.

After delimitation of the major urban zones we aggregated socio-demographic

data of the 1990 and 2001 censuses for each zone for the sake of analysis. The development of the urban zones follows different tracks and demographic and housing statistics are indicative of the direction of changes. The total population of the urban region sank from 2.57 million to 2.44 million between 1990 and 2001. Within the urban region there was a considerable shift of population between the core and the periphery. The population figure of Budapest proper – as it was referred to above – decreased by 14.3 percent between 1990 and 2001, whereas that of the agglomeration grew by 18.9 percent (Fig. 3).

This can be explained by the massive de-concentration (i.e. suburbanisation) of the population. As a consequence, the balance of population between the core city and the agglomeration has also shifted. In 1990, 22 percent of the population of Budapest urban region lived in the agglomeration zone, which grew to nearly one third by 2009 (31.1 %).

Since the Census of 2001 suburban mobility has calmed down palpably. The population of Budapest stopped shrink-

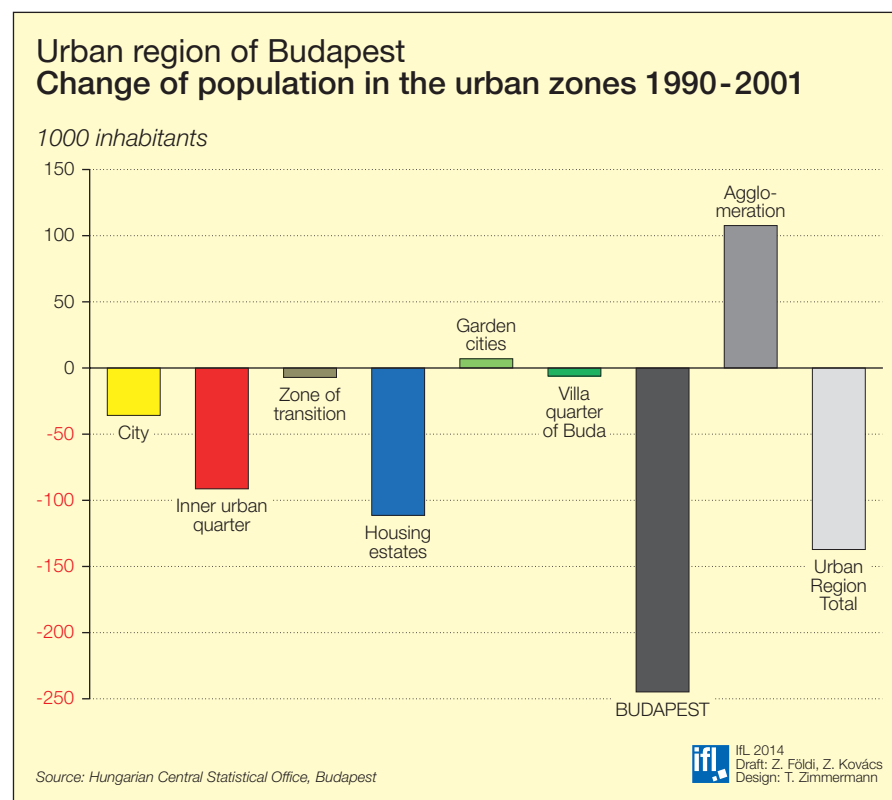


Fig. 3: Change of population in the urban zones 1990-2001

ing in 2007 and overall suburban growth almost came to a halt. The financial crisis of 2008 enhanced the already post-suburbanisation tendencies.

Leaving aside the zone of agglomeration, in Budapest only the zone of garden cities showed a modest population increase during the investigated period of 1990-2001. However, this does not necessarily mean that all the other parts of the city have been shrinking. Even within the disadvantaged zones (e.g. housing estates) there are neighbourhoods having taken upmarket turns in various ways.

The outflow of younger and better off Budapest families into the suburbs and new flows of residential mobility inside the city reshaped the social characteristics of the different urban zones. Generally, the social status of the agglomeration increased and the gap between the core city and its agglomeration became narrower. The proportion of people with university or college education (within the age group 15+) in the zone of agglomeration increased from 3.2 to 12.7 percent between 1990 and 2001 (Fig. 4). From the figure it becomes also clear that in

Budapest the villa quarter of Buda is the traditional enclave of upper-middle class households. In both census years the ratio of people with a university or college diploma was twice the Budapest average.

Both the city centre and the zone of inner-city residential quarters are above the average as far as the proportion of intelligentsia is concerned, whereas the zone of garden cities, the housing estates, and especially the zone of transition are below the average of the core city. The social status of the zone of transition is traditionally low, in 1990 only 8.7 percent of the inhabitants held university or college degree, which increased to 13.3 percent by 2001, nonetheless it was still the lowest value among the functional zones. We can expect that social erosion will affect in the future mainly the zone of transition, and certain parts of the zone of housing estates as well as some neighbourhoods of the old inner-city quarters.

### Residential mobility and neighbourhood change: empirical analysis

This section is based on empirical data

collected in an international research project focusing on the socio-spatial differentiation of the post-socialist cities of Leipzig, Budapest, Vilnius Sankt Petersburg and Sofia (2006-2009). The main aim of the project was to investigate housing dynamics of different residential quarters in the respective cities. In each city-region five neighbourhoods with distinct physical and socio-economic characteristics were selected. Four neighbourhood types were shared by all cities and one in each case was exclusively characteristic for that particular city (odd-one-out). According to the common criteria in Budapest two neighbourhoods were selected in the densely built inner-city area: Inner-Terézváros with traditionally higher quality housing stock, and Magdolna quarter with lower quality tenement blocks. Two housing estates, Wekerle with low rise, garden-city character and Havanna with large scale, high-rise character. In addition one typical suburban settlement with middle class character (Nagykovácsi) was also chosen for the sake of analysis. In the case of Budapest the garden city of Wekerle estate was the "odd-one-out". These five neighbourhoods do not cover all the seven ecological zones of the city identified earlier, but provide a solid basis for testing residential preferences of the inhabitants and the popular image of the most typical neighbourhood types in the metropolitan region. In each neighbourhood a standardised questionnaire survey was carried out in July-August 2007. The survey was not representative but given the high number of respondents, it can orientate us about the direction the neighbourhoods had taken by the time of sampling and also about their possible future development track.

The survey revealed marked differences among the case study areas in terms of the demographic and socio-economic characteristics of local population. Our analysis on age covers the data of all the 1.913 persons who were recorded in the household survey. The ratio of young people (those below 18) is highest in Nagykovácsi, the suburban municipality

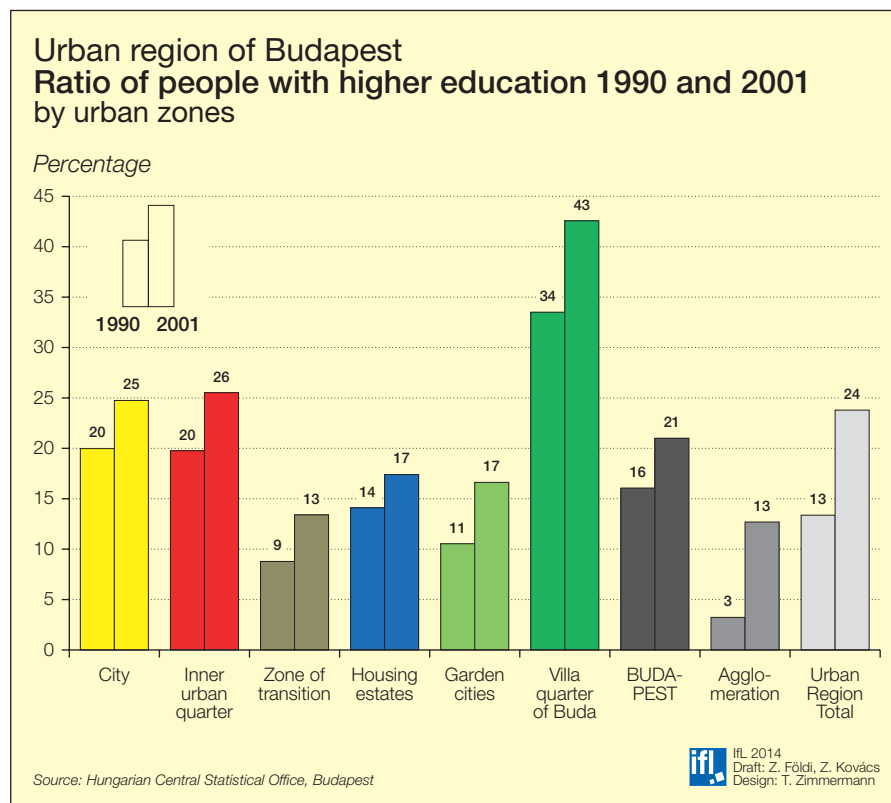


Fig. 4: Ratio of people with higher education 1990 and 2001

### Urban region of Budapest Age composition of residents in the case study areas (n=1913)

Case study area	Age group												Total
	– 18		19-30		31-40		41-50		51-60		60 +		
	n	[%]	n	[%]	n	[%]	n	[%]	n	[%]	n	[%]	
Inner-Terézváros	23	8.2	83	29.4	39	13.8	24	8.5	38	13.5	75	26.6	282
Magdolna	97	26.4	54	14.7	62	16.8	44	12.0	59	16.0	52	14.1	368
Wekerle	128	31.3	46	11.2	54	13.2	51	12.5	65	15.9	65	15.9	409
Havanna	131	30.0	67	15.3	58	13.3	52	11.9	64	14.6	65	14.9	437
Nagykovácsi	145	34.8	52	12.5	62	14.9	74	17.7	55	13.2	29	7.0	417
Total	524	27.4	302	15.8	275	14.4	245	12.8	281	14.7	286	15.0	1913

Source: own survey July–August 2007

Tab. 1: Age composition of residents in the case study areas (n=1913)

and lowest in Inner-Terézváros, the old, inner-city neighbourhood (Tab. 1).

At the other end of the scale, the ratio of elderly (those above 60) is the highest in Inner-Terézváros. One could speculate that Inner-Terézváros has been most affected by ageing, whereas in Nagykovácsi the young profile of residents is the logical outcome of suburbanisation. However, if we consider the ratio of people between 18 and 30, the ‘young-active’ age-group, we find that their share is astonishingly high in Inner-Terézváros, which might be understood as an early indication (pioneer-phase) of gentrification (Kovács et al. 2013). In Magdolna Quarter, the other inner-city neighbourhood no signs of such rejuvenation process could be detected. Similarly, the demographic profile of Wekerle and Havanna is more balanced.

The share of different household-types in a neighbourhood can further refine the picture about the potential future development of the area. One-person or single-person households are typical among elderly (widows) and ‘young-active’ people, latter are either studying or just starting their professional career. Our survey found that the share of single-person households is highest in Inner-Terézváros where they make up nearly one-third of the sample. This confirms the idea of simultaneous ageing and gentrifying processes in this neighbourhood. The presence of young people in Inner-Terézváros

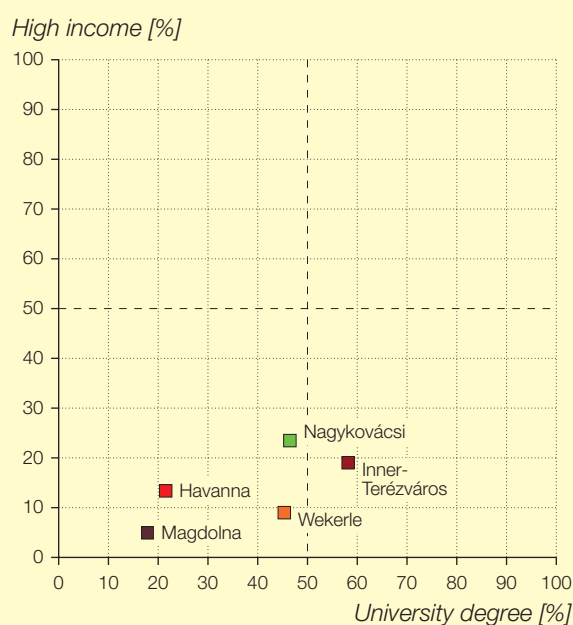
is also confirmed by the fact that ‘flat-sharing community’ as a housing form is most common in this case study area, with nine percent of the respondents. In the other four areas the weight of flat-sharing communities is negligible. With regards to household types it is also remarkable that families with two or more children are overrepresented in Nagykovácsi, which is clearly the result of residential suburbanisation having taken place since 1990.

The level of education and income can orientate about the social status of local residents. Taking these two indicators into consideration sharp differences among the case study areas can be pointed out. The ratio of university and college graduates (i.e. intellectuals) is highest in Inner-Terézváros (Fig. 5). In the suburban settlement of Nagykovácsi – where one could expect the highest figure among the five neighbourhoods – the share of intellectuals is also high (42.2 %), however, it is not much higher than the value of Wekerle

le. With regards to the level of income the suburban community of Nagykovácsi is clearly the winner, followed by Inner-Terézváros. We can conclude that data on education and income confirm the traditional high status of inner-city neighbourhood of Inner-Terézváros on the one hand, underpinned by gentrification tendencies, and Nagykovácsi on the other hand. Wekerle has somewhat lower social status with strong middle-class character, whereas the downgrading inner-city quarter of Magdolna and the high-rise housing estate Havanna show clearly a lower class profile.

Turning to the past intensity of residential mobility the duration of housing

### Urban region of Budapest Households with high income and university degree in different neighbourhoods 2007



Source: own survey 2007

Fig. 5: Households with high income and university degree in different neighbourhoods 2007

occupancy (i.e. the time of moving to the present address) was investigated. According to our survey about 30 percent of respondents moved to their present place of dwelling after 2001, a little more than 40 percent between 1981 and 2000 (with 20–20 % in both decades) and another ca. 30 percent before 1980. Thus,



the post-socialist period accounts for about half of the residential moves in the total sample.

Regarding the differences among the neighbourhoods the ratio of respondents moving to their present address after 1990 is the highest in the dilapidated inner-city quarter of Magdolna and the lowest in Wekerle garden city. In Nagykovácsi suburbia the figure is also nearly as high as in Magdolna. The highest ratios reflect very high mobility of people in the post-socialist period, but for completely different reasons. Nagykovácsi, the suburban settlement had lots of pull factors for the better off who wanted to leave Budapest. Whereas Magdolna with its low quality and cheap housing provided also lots of pull factors but mainly for the lower classes (including the Roma). The share of respondents moving to their present place of residence between 1981 and 1990 is the highest in Havanna, due to the extensive housing construction, but also quite high in Nagykovácsi due to the early waves of suburbanisation (Fig. 6). The share of moves before 1980 is the greatest in Terézváros and Wekerle which reflects high stability within these local societies. These two neighbourhoods

have the highest representation of respondents from the period between 1945 and 1960 as well.

Future mobility can significantly influence the cohesion of local society, and the socio-economic stability of neighbourhoods. In order to find out the inclination of local respondents to residential mobility they were asked about future mobility plans. Table 2 summarizes the answers by case study areas.

#### Urban region of Budapest Planned mobility of residents in the case study areas

Answers to the question:  
'Are you currently planning to move?'

Case study area	Yes		No		Total
	n	[%]	n	[%]	n
Inner-Terézváros	60	44.5	75	55.5	135
Magdolna	60	40.3	89	59.7	149
Wekerle	36	24.8	109	75.2	145
Havanna	64	41.3	91	58.7	155
Nagykovácsi	20	15.6	108	84.4	128
<b>Total</b>	<b>240</b>	<b>33.7</b>	<b>472</b>	<b>66.3</b>	<b>712</b>

Source: own survey July-August 2007

Tab. 2: Planned mobility of residents in the case study areas

As it turned out, the rate of planned (or expected) mobility nowhere exceeds 50 percent in the case study areas. Within the total sample one-third of the respondents expressed his/her willingness to move. This is, however, an astonishingly high potential mobility rate taking into account the generally low level of mobility of post-socialist societies. However, there are also robust differences among the case study areas. On the one hand, the level of intention to move is far the lowest in the suburban community of Nagykovácsi (15.6 %), followed by Wekerle (24.8 %). Due to their residential (single-family homes) and demographic (elderly) characteristics these two quarters show the highest stability. On the other hand, the ratio of those who intend to move in a foreseeable future was the highest in Inner-Terézváros (44.1 %), which confirms the presence of a highly mobile, young (pioneer?) population. Magdolna

and Havanna also had relatively high values. These findings seem to confirm the gentrification concept in Inner-Terézváros and the filtering down concept in Magdolna and Havanna.

The basic characteristics of people residing in particular neighbourhoods outlined above help to understand their potential preferences for housing. In order to test the residential preferences of residents and the general image of different housing forms, respondents were asked which type of housing they would prefer if they could choose freely without financial obstacles. The following five types of housing had to be ranked on a scale of 1-5, between 'highly preferred' and 'very much refused':

- Detached single family house in the green suburbs;
- Renovated building on a large housing estate of the state-socialist period;
- Renovated historic building with central location;
- Modern rowhouse in green, but within the city boundaries;
- Modern gated and guarded neighbourhood.

The last two forms of housing represent mainly the post-socialist development as most of them were built after 1990. In order to avoid bias towards old housing, we indicated everywhere the 'renovated' version even though refurbishment of the state-socialist and pre-WWII housing stock hardly took place.

According to our survey a dwelling in a large housing estate of the state-socialist period is the least preferred (most refused) type of housing among the inhabitants of Budapest, which is a clear indication of the bad image and declining prestige of the high-rise housing estates in general (Fig. 7).

The overwhelming majority of respondents in Budapest would prefer a single family home in the green suburbs which confirms the main trends of mobility and presence of suburbanisation over the last two decades (BORÉN and GENTILE 2007; KOK and KOVÁCS 1999; KRIŠJĀNE and BĒRZIŅŠ 2012; TOSICS 2003), the

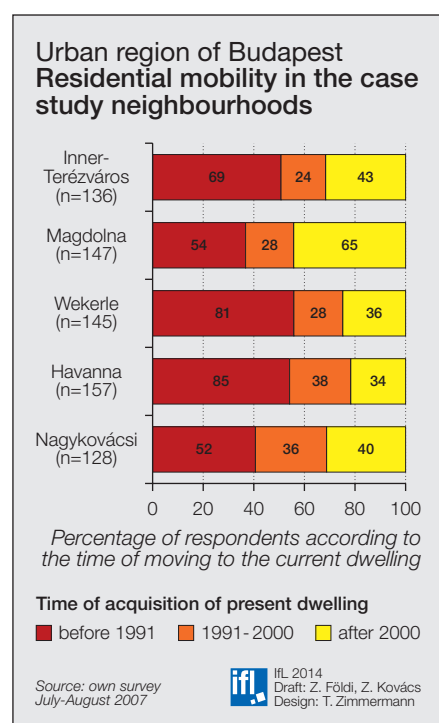


Fig. 6: Residential mobility in the case study neighbourhoods

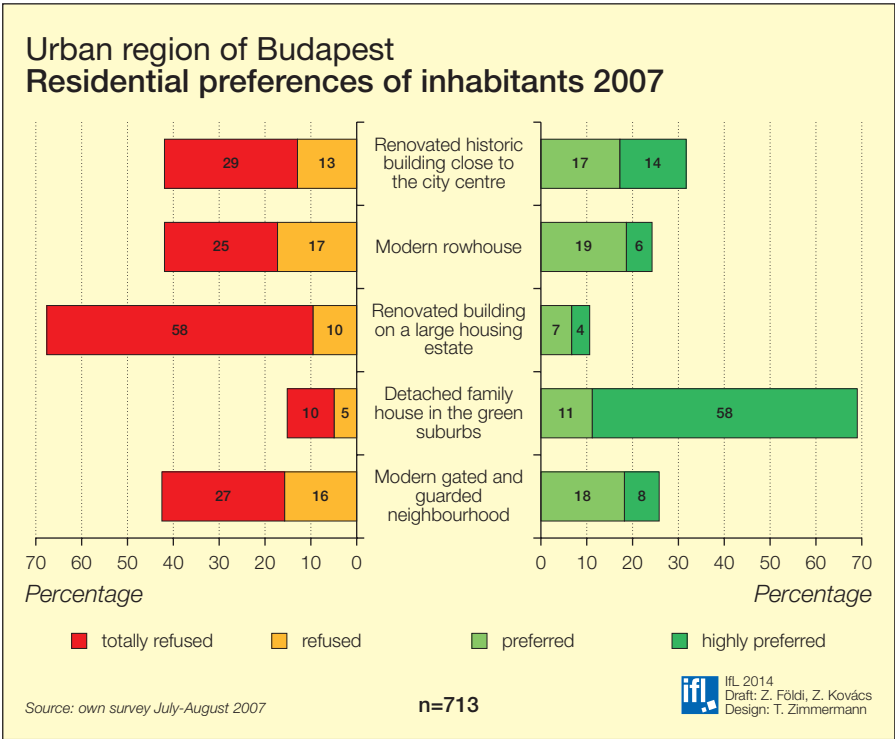


Fig. 7: Residential preferences of inhabitants 2007

pace of which is claimed to have slowed down recently but was still in its heyday at the time of sampling. Above average desire towards suburban housing was recorded in Nagykovácsi and Havanna, i.e. among those respondents who already

live in such housing and those who can only dream about it. Single family house as a type of housing was least preferred by residents of Inner-Terézváros. People living in this inner-city neighbourhood are less attracted by a single family

house, probably due to their age (elderly) or lifestyle (pioneer and yuppie).

In addition to suburban housing, the preference towards renovated historic buildings close to the centre scored also relatively high. Astonishingly, modern forms of housing having spread recently such as gated and guarded neighbourhoods, or row houses were not perceived by the people very attractive.

Besides housing forms the image of different urban areas was also tested through open-ended questions about the likes and dislikes of people attached to neighbourhoods, which they indicated by giving the geographical names. Altogether 1,121 answers referring to popular places were recorded in the survey. Out of them 946 (84.4 %) could geographically be identified with an administrative district in Budapest, or municipality in the agglomeration. Figure 8 shows the aggregated results of the survey referring to neighbourhoods with positive and negative image respectively.

As the first map reveals, most popular residential places in the city are the districts of the Buda Hills (2nd and 12<sup>th</sup> Districts in the Villa quarter) and Zugló (14<sup>th</sup>

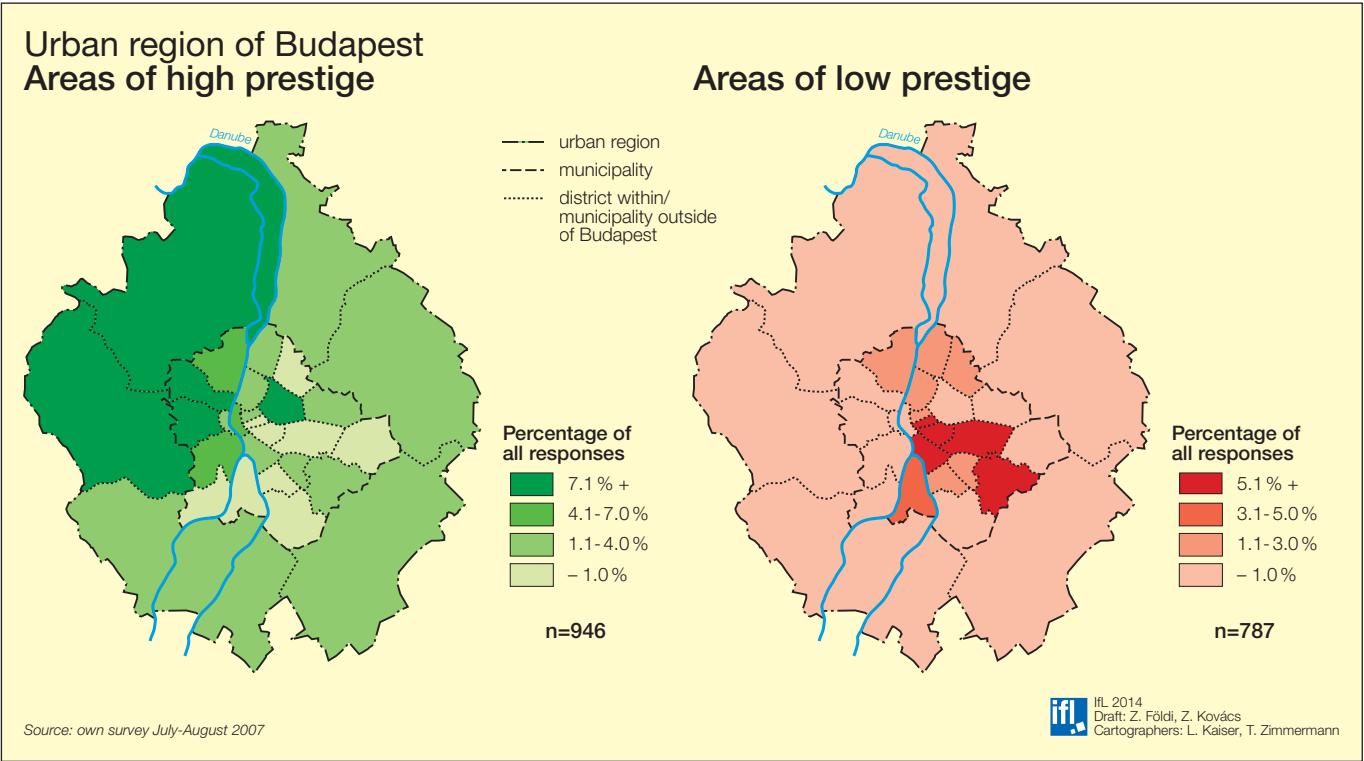


Fig. 8: Areas of high and low prestige

District) on the Pest side of the town. Equally the North-Western sector of the agglomeration with lots of green spaces and attractive landscape has a very popular image. On the other hand, the traditional working class districts like Csepel (21<sup>st</sup>), Pesterzsébet (20<sup>th</sup>), Kőbánya (10<sup>th</sup>), Újpest (4<sup>th</sup>) – covering mostly the transitional zone and the zone of housing estates – and the centrally located lower class districts like Józsefváros (8<sup>th</sup> district including the Magdolna Quarter) and Ferencváros (9<sup>th</sup>) are rated very badly.

The same exercise was carried out regarding residential areas with negative image. In the survey altogether 874 answers were recorded referring the least popular residential areas within the city. Out of them 787 (90 %) could geographically be identified. We can say that the least popular residential areas in Budapest concentrate on the Pest side of the city in one compact zone. This area includes, on the one hand, traditional working class districts with industrial profile like Csepel (21<sup>st</sup>), Pesterzsébet (20<sup>th</sup>), Kőbánya (10<sup>th</sup>), that are part of the zone of transition, and on the other hand, centrally located lower class districts like Józsefváros (8<sup>th</sup> district including our case study area Magdolna Quarter), Ferencváros (9<sup>th</sup>) and Erzsébetváros (7<sup>th</sup>) as parts of the inner-urban residential zone. This pattern was also confirmed by Berényi and Szabó (2009).

### Local patterns and trajectories of development: discussion and conclusions

As it was demonstrated in the empirical part of the paper preferences of people towards different lifestyles and residential locations change not only with life-course (MULDER and WAGNER 1993), but they were also substantially influenced by post-socialist transition setting the possibilities of social mobility, adapted values and lifestyle trends. In the past twenty years this was also followed by investors and developers who – being proactive – tried to meet changing demands by new developments.

Urban planning and conscious concentration of efforts and investments by the public sphere also have a great role here. Even the public sphere needs to be more skilful and management oriented in order to be able to use the available EU resources quickly and with high efficiency. By changing the physical environment, using EU funding and their own scarce financial resources and creating favourable conditions for investors, local governments are able to influence preferences in a way that alternative development paths evolve. Here we link back to Figure 1 where the mechanisms of neighbourhood development in the globally affected open system are modelled.

All urban zones have had their periods of up- and downgrading in different stages of urban development (KAUKO 2006), when residents, investments, planning priorities etc. turned towards them with interest or disinterest. The post-socialist period changed the preferences of actors, and this caused a sharp turn in the trajectory of the individual urban zones. The process of change in the urban structure is largely similar among all the post-socialist (and also post-industrial) capital cities (SYKORA 2009):

- rediscovery and upgrading of the CBD,
- long neglect but later slow and steady upgrading and gentrification of the historical residential quarters,
- neglect, disinvestment and social erosion in the housing estates,
- decline and later re-investment in the industrial brown field zone, and
- boom, and later stagnation in the sub-urban areas.

However, even within this historically short period of time (20 years) we can detect changes in the general development tracks of the different zones. This is caused by the fact that even a short time span is enough to change relocation, investment etc. preferences via various policy driven (e.g. local initiatives for physical upgrading) and unintentional events as well as global processes (e.g. global financial crisis). Through these factors individual development pathways evolve

even within the different urban zones, which place a neighbourhood into a position that is better or worse compared to the zone it is embedded in. This supports the role and importance of glocalisation i.e. local mechanisms are capable of diverting the globally set tracks of development in certain city zones and can be strong enough to turn the processes good in e.g. a down-grading neighbourhood. Also the interplay of global and local forces in the urban arena of post-socialist cities provided the basis of a 'heteropolitisation' process (Gentile et al. 2013). In the following we give a short account about the tendencies prevailing in those urban zones where the Budapest case study areas are located and refer to local neighbourhood level mechanism, which produce tracks of development other than the zones are destined to follow according to the global patterns.

1. The *inner urban residential zone* is located next to the city centre and built up with 3-4 storey blocks of flats. The housing stock in this zone was almost completely state owned during the state-socialist period and was generally badly taken care of. Privatisation of property implemented by the districts very differently set diverse context for investments and publicly financed redevelopment projects (KOVÁCS 1998, 2009). There were two case study areas in our research located in this zone: the Inner-Terézváros and the Magdolna Quarter. They both are in the process of relative upgrading, but the underlying structures of the shift are totally different. The Inner-Terézváros case study area is located in the proximity of the city centre and has traditionally higher prestige. The area is characterised by a significant concentration of cultural riches: there are numerous theatres, exhibition halls as well as cafes and restaurants, which makes the area one of the main cultural attractions of Budapest. Due to the extensive privatisation (and therefore the new ownership structure with the predominance of owner occupation) no area based regeneration programme could be carried out in the neighbourhood. As a conse-

quence, renewal is taking place building by building lacking real neighbourhood scale concept and is often coupled with functional change. Renovation of the building stock is financed mainly by home owners (incumbent upgrading) and private investors (KOVÁCS et al. 2013). The public sector has also been partaking in renewal, but it is concentrated mostly on public spaces (FÖLDI 2006). With its particular assets present nowhere else in the city the neighbourhood strikes out from the inner urban residential zone. It is not the massive extension of renovated areas but the potentials (building stock, functions etc.) attracting investments that are outstanding and the number of renovated buildings is steadily growing. The western-type gentrification (SMITH 1996; NAGY and TIMÁR 2012) goes along with the attraction of young people into the otherwise strongly ageing neighbourhood. The overall relative position of the case study area is much better than that of the rest of the zone even though between 2007-2013 no EU funding has been involved in the upgrading of the area.

The second inner-city neighbourhood, the Magdolna Quarter is located in the peripheral part of the inner residential zone and it has the most dilapidated housing stock in Budapest. Large part of the local population is socially disadvantaged (unemployed, Roma). The crime rate in the neighbourhood is high and public safety is generally bad. The quarter is not in any relation with dynamism and market actors, and there is no chance of renewal relying on the same mechanisms as in the case of Inner-Terézváros. However, the district municipality with its privatisation policy (low rate of privatisation) and strategically-based regeneration policy (which dates back to the late-1990s) was able to raise the hope of stopping deterioration and turning things better. To manage the systematic rehabilitation, Rév8 Co. – with the district government as the majority shareholder and Budapest Municipality in possession of a minor part of shares – was established to co-ordinate the process of renewal (KOVÁCS 2009). The project in the Magdolna Quarter – with the involvement

of state, metropolitan and local government, as well as ERDF and ESF contributions – has been going on for several years covering two major periods. They achieved a lot and according to the recent monitoring of the comprehensive programme the downward spiral has been successfully halted. The project in lack of further financing seemed to get frozen for a short while in 2011, when new ERDF and ESF funding became accessible for social rehabilitation purposes. The new project started the third phase of the massive renewal.

The upmarket swing similar to Inner-Terézváros still awaits, but stopping social and physical deterioration is already a big success in the strongly low-market context.

2. The *zone of housing estates* can be considered generally the loser of transition (SYKORA 2009). This housing form was placed in the focus of people's preferences (especially for young families with children) in the 1970s, and 1980s, when most of the existing stock was outdated and low quality. After 1990 there was no new housing estate project developed in Budapest. In the meantime, existing housing estates lost their popularity rapidly because of their architectural monotony, lack of green spaces, decreasing security and relatively high costs of amenities (especially heating) (EGEDY 2000). Due to the decreasing demands towards such dwellings the housing estates of the communist period, especially the pre-fab high-rise housing estates, became increasingly disliked on the housing market. But in contrast to East German cities no major vacancy rates occurred. One case study area was selected from the category of large housing estates (Havanna). Havanna estate is definitely not an upmarket example of this type of housing in Budapest and even within the urban zone it has no promising prospects despite the tremendous efforts.

The social status of Havanna housing estate is relatively low. The estate traditionally has bad reputation (probably the worst in the zone, which hinders the spontaneous upgrading), however, the

image is improving among the residents themselves especially due to the public safety measurements. Like in many other housing estates there are mixed and fully privatised blocks, but with low status families, who are not able to contribute to comprehensive renovations (own share of EU funding ERDF) which drifts the estate into the vicious circle of downgrading. There have been lots of local efforts of NGOs and institutions, involvement of local people in voluntary works but the outcomes are often deteriorated very quickly. The upmarket swing is only a dream, the estate is fighting for stabilising its position within the zone of housing estates (while others with better location and social milieu have achieved more progress), bad reputation harms a lot and even positive initiatives fail to pose real impact on social change.

To show the role of glocalisation, housing estates in Budapest with more local community efforts, better social environment and more efficient management were able to stop the downward spiral. In some cases large scale urban development objectives also support the situation and cause an unexpected upgrading like in the 11<sup>th</sup> district housing estate of Kelenföld, where the large scale redevelopment project and a new metro line resulted in improving prestige and growing dwelling prices. Unfortunately, no similar external support is in prospect for Havanna estate.

As a contrast Wekerle estate lying in the same zone is the product of the garden city concept and it is protected by local regulation act in order to save its unity. The quality of buildings in Wekerle estate is generally better than the average in Budapest. Significant part of the buildings has been renovated in the past ten years. The market of the area is not that intense. The demand is higher than the supply as no new construction is allowed in the neighbourhood – this fact along with the limited size of the properties, however, hinders the further upmarket swing of the neighbourhood. The social composition has not changed much in the past decades and in addition to stability



there is a strong community feeling with strong Wekerle identity and protection of interests.

3. The *zone of agglomeration* has experienced an excessive growth over the last two decades. First the wave of residential suburbanisation took off on the eve (or even before) the political changes (Kok and Kovács 1999). The main thrust of residential suburbanisation affected mainly villages located to the northwest of Budapest, which offers with its hilly landscape very attractive environment for the newcomers. In addition to residential suburbanisation clear signs of suburbanisation of service functions could be pointed out from the late 1990s. New shopping and leisure centres, as well as office complexes have been mushrooming at the edge of Budapest as greenfield investments. This process of de-concentration of the economy led to the emergence of new economic growth poles, kind of edge-cities in the agglomeration zone of Budapest (BURDACK, DÖVÉNYI and KOVÁCS 2004). After 2000 residential suburbanisation slowed down, and even signs of re-urbanisation appeared in the functional urban area. In our case study area Nagykovácsi the first signs of suburbanisation date back to the 1980s. However, residential suburbanisation could only explode after 1990 thanks to the liberalisation of real estate market. From the early 1990s Nagykovácsi became one of the main targets of out-migration from Budapest. Due to suburbanisation the number of population nearly doubled between 1990 and 2007. The social structure of the village changed subsequently, the ratio of younger and better off people sharply increased. Global flows also appeared in the village, in the form of investments, migrants and functions not seen before. The village boasts a residential park which is an archetypical gated community with luxury apartments and high status inhabitants (Hillside Residence completed by 2000). The rental market in Nagykovácsi also got a boost from foreign clients recently. Embassies rent houses

for their employees whose children go to the nearby American School. Nagykovácsi – just as other suburban settlements – is not gaining new population at the same pace as in the heyday of suburbanisation. The possible future of the village is stagnation along with the completion of the required infrastructural improvements inside the place. The area for new residential investments shows an unevenly built up pattern. Lot of construction sites are still vacant and – along with fully completed dream houses – most of them seek new owners.

As it was highlighted in our paper individual development tracks of neighbourhoods in Budapest are gaining importance, making the pattern of investment-disinvestment more mosaic like within the same urban zones. As a consequence it is almost impossible to assess one urban zone as a homogeneous area, and set in a universal model. Dynamics more and more depend on local efforts and mechanisms. Belonging to one urban zone does not necessarily determine the development potentials of the neighbourhood. The study underpins the statement that globalisation, and therefore, local forces are increasingly powerful in urban development and the overall future of the cities are dependent on the total sum of efforts investments and quality of change in its neighbourhoods.

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## Résumé

ZSUZSA FÖLDI, ZOLTÁN KOVÁCS

### Dynamique des quartiers et mutation sociospatiale à Budapest

Cet article analyse la différenciation sociospatiale qui s'est produite dans la métropole de Budapest depuis le changement de régime. Le but est de montrer comment les structures locales sous-jacentes et les nouveaux contextes de régulation (par exemple le marché libre, les politiques urbaines locales), de même que l'héritage du travail fait dans le passé, coopèrent pour établir divers parcours de développement dans la ville. Dans la droite ligne de l'objectif de la partie analytique de l'article, le modèle global de changement sociospatial de la métropole est analysé à l'aide de données issues du recensement. Cette partie est suivie de l'interprétation des données de recherche empirique rassemblées dans différents faubourgs de la ville et participant d'un projet de recherche international. Il y est démontré que, avec la transition postsocialiste, les préférences de localisation des parties prenantes concernées (à la fois les résidents et les investisseurs) ont changé significativement, entraînant un retournement abrupt de la trajectoire des zones urbaines spécifiques. Elles ont impliqué la redécouverte des centres-villes, une revalorisation constante et une gentrification des quartiers résidentiels historiques, l'érosion sociale graduelle des quartiers résidentiels, le déclin puis plus tard le réinvestissement des friches industrielles et un boom suivi d'une stagnation dans les banlieues. Toutefois, suite aux politiques locales et aux effets de la mondialisation (par exemple la crise financière mondiale), des voies de développement individualisées gagnent en importance à Budapest, ce qui assimile plus le schéma d'investissement et désinvestissement à une mosaïque au sein d'une même zone urbaine. En conséquence, il est presque impossible de considérer une zone urbaine en tant que secteur homogène et d'en faire un modèle universel. Son dynamisme dépend de plus en plus d'efforts et de mécanismes locaux. Cette étude démontre que les instances locales ont de plus en plus de pouvoir au niveau du développement local et que l'avenir global des villes semble dépendre de la somme des efforts et des investissements et de la qualité des évolutions de ses alentours.

Transformation postsocialiste, ségrégation résidentielle, réhabilitation, gentrification, globalisation, Budapest

## Резюме

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### Динамика городских районов и социально-пространственные изменения в Будапеште

В настоящей работе анализируется социально-пространственная дифференциация в столичном регионе Будапешта после смены социального строя. Планировалось продемонстрировать, как существующие локальные структуры и новая нормативно-правовая база (например, свободный рынок, муниципальная городская политика), а также наследие прошлого взаимодействуют при определении широкого спектра возможностей городского развития. В соответствии с этой целью в аналитической части настоящего исследования с помощью данных переписи анализируется общая модель социально-пространственных изменений столичного региона. Затем оцениваются эмпирические данные, собранные в рамках международного научно-исследовательского проекта в различных кварталах города. Показано, что благодаря постсоциалистической трансформации пространственно-ориентированные предпочтения основных акторов (как резидентов, так и инвесторов) существенно изменились, следствием чего стал резкий поворот в развитии каждого городского района. Сюда относится оживление городского центра, медленное, но неуклонное возрастание значения и джентрификация в исторических жилых кварталах, постепенная социальная эрозия районов массового жилищного строительства, сокращение и последующее оживление инвестиций в заброшенных промышленных зонах, а также бум и последующая стагнация пригородов. Благодаря локальной политике и глобальным воздействиям (например, международный финансовый кризис) всё более и более возрастает значение индивидуальных стратегий развития городских районов Будапешта, из-за чего структура и сокращение инвестиций в пределах одного и того же городского района приобретает более мозаичный характер. В результате практически невозможно рассматривать городской район в качестве однородного образования и применять к нему универсальную модель. Динамика всё в большей степени зависит от местных особенностей и механизмов. Исследование показывает, что локальные акторы приобретают всё большее значение в процессе развития городов, а будущее городов, по-видимому, зависит от общей суммы их усилий, инвестиций и качества изменений в указанных городских районах.

Постсоциалистическая трансформация, жилищная сегрегация, регенерация, джентрификация, глокализация, Будапешт